

DODICK LANDAU

January 13, 2021

CREDITOR PACKAGE

To the Creditors of S. K. Bernstein Holdings Inc., ("Bernstein" or the "Company")

Please be advised that on January 8, 2021, Dodick Landau Inc., ("DLI") in its capacity as Proposal Trustee (the "Proposal Trustee") of the Estate of S. K. Bernstein Holdings Inc. filed with the Official Receiver a proposal in the name, and on behalf of S. K. Bernstein Holdings Inc. (the "Proposal").

The reason you are receiving this letter and the enclosed creditor information ("Creditor Package") is because you are a proven landlord creditor of S. K. Bernstein Holdings Inc. in the bankruptcy estate currently being administered by DLI and you may now be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

- 1) Notice of Proposal to Creditors;
- 2) Proposal;
- 3) Trustee's Report on Proposal;
- 4) Proxy;
- 5) Voting Letter

A Meeting of the Creditors to consider the Proposal will be held on Thursday, January 28, 2021 at 1:30 p.m. Due to physical distancing requirements, the meeting will be held by video conference. The link to the Zoom videoconference is:

<https://zoom.us/j/96002171947?pwd=N3ZubDZrTWJBS09KN2N5Umx1eVITZz09>

Your claim amount admitted in the bankruptcy estate will also be your claim amount admitted in the proposal estate, therefore you will not be required to resubmit a new claim form in the proposal proceeding.

As the meeting is being held by video conferencing, creditors should submit their proxy, if required and voting letter in advance of the meeting. The required forms are enclosed in this package.

DODICK LANDAU

Any creditor who wishes to vote by video conference at the Meeting of Creditors may do so, however, due to the forum in which this meeting is being held, patience is required as the trustee must verify the identity of each person voting.

Completed proxies and/or voting letters, may be returned to the Trustee to the attention of Brenda McKnight by fax (416-649-7725) or electronic mail (brenda.mcknight@dodick.ca). Should you need further assistance, you may contact our office by telephone at 416-645-0542. Proxies and/or voting letters will be accepted for the purpose of the meeting and voting, up to 1:30 p.m. on January 28, 2021.

To access further information pertaining to the S. K. Bernstein Holdings Inc. proceedings, including an electronic copy of the Creditor Package, please visit the Trustee's website (<http://dodick.ca/public-documents/>).

DODICK LANDAU INC.,
Proposal Trustee of the estate of
S. K. Bernstein Holdings Inc.
and not in its personal or
corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT
President.

NOTICE OF PROPOSAL

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2648369
Estate No. 31-2648369

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
S.K. Bernstein Holdings Inc.
of the city of Toronto, in the Province of Ontario

Take notice that S.K. Bernstein Holdings Inc. of the city of Toronto in the Province of Ontario has lodged with me a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed.

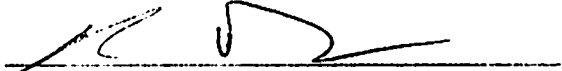
A general meeting of the creditors will be held on the 28th day of January 2021 at 1:30 PM at by Zoom videoconference, <https://zoom.us/j/96002171947?pwd=N3ZubDZrTWJBS09KN2N5Umx1eVITZz09>.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called.

Dated at the city of Toronto in the Province of Ontario, this 13th day of January 2021.

Dodick Landau Inc. - Licensed Insolvency Trustee



4646 Dufferin St., Suite 6

Toronto ON M3H 5S4

Phone: (416) 645-0542 Fax: (416) 649-7725

PROPOSAL

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE BANKRUPTCY OF S.K. BERNSTEIN HOLDINGS INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

PROPOSAL

S.K. Bernstein Holdings Inc. (the "Company"), by its bankruptcy trustee, Dodick Landau Inc. ("Trustee"), hereby submits the following Proposal under Part III, Division 1 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) "2880" means 2880 Queen Street Centre Inc.;
- (b) "2880 Queen St. Fee" means the fee payable to 2880 for expenses payable in the facilitation of this Proposal in the amount equal to \$50,000 less the amount of its dividend as set out in the Distribution Schedule;
- (c) "Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;
- (d) "Bankruptcy Proceedings" means the proceedings initiated by the Company's filing of an assignment in bankruptcy on May 29, 2020;
- (e) "Bankruptcy Distributions" has the meaning given to it in Section 1.01(a) hereof;
- (f) "BIA" means the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended;
- (g) "Business Day" means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (h) "Claim" means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including the right or ability of any person to

advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date but excluding Unaffected Claims;

- (i) **"Company"** has the meaning given to it in the preamble;
- (j) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (k) **"Crown"** means Her Majesty in Right of Canada or of any Province of Canada their agents;
- (l) **"Crown Claims"** means the claims of the Crown set out in Section 60(1.1) of the BIA outstanding as at the Filing Date against the Company, if any, payment of which will be made in priority to distributions in respect of the Claims, and specifically excludes any other claims of the Crown;
- (m) **"Distribution Schedule"** means the schedule outlining the proposed distribution of Surplus Funds set out on Schedule "A" hereto;
- (n) **"Event of Default"** has the meaning given to it in ARTICLE 8 of this Proposal;
- (o) **"Filing Date"** means the date on which the Bankruptcy Proceedings were commenced;
- (p) **"Governmental Entity"** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (q) **"Landlord Affected Claims"** means the claims of any Landlord Creditor in respect of its dealings with the Company, including any Landlord Surplus Claim as well as any Claim of the Landlord Creditor under its respective lease with the Company both prior to or subsequent to the disclaimer of such lease by the Trustee, and to the extent permitted by law, any debt or liability referred to in subsection 178(1) of the BIA;
- (r) **"Landlord Creditor"** means a lessor of real property to the Company on the Filing Date;
- (s) **"Landlord Surplus Claim Methodology"** has the meaning given to it in Section 3.01 hereof;
- (t) **"Landlord Surplus Claims"** means the Surplus Claims of the Landlord Creditors listed on the Distribution Schedule;
- (u) **"Law"** means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;
- (v) **"Levy"** means and any amounts payable to the Superintendent of Bankruptcy in respect of the levy payable under the BIA in respect of either the Bankruptcy Distributions or distributions under this Proposal;
- (w) **"Meeting"** means a meeting of the Landlord Creditors of the Company called for the purpose of considering and voting in respect of this Proposal;
- (x) **"Person"** means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or

officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

- (y) **"Post Road"** means Post Road Health & Diet Inc.;
- (z) **"Proposal"** means this Proposal made pursuant to the BIA, as may be further amended or supplemented from time to time;
- (aa) **"Proposal Approval Motion"** has the meaning given to it in Section 10.01 hereof;
- (bb) **"Proposal Approval Order"** has the meaning given to it in Section 10.02 hereof;
- (cc) **"Proposal Implementation Date"** means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee's certificate as contemplated by Section 10.04;
- (dd) **"Proposal Implementation Time"** means [12:01am] on the Proposal Implementation Date (or such other time as the Trustee and the Sponsors may designate);
- (ee) **"Released Claims"** has the meaning given to it in Section 7.02 hereof;
- (ff) **"Released Company Claims"** has the meaning given to it in Section 7.01 hereof;
- (gg) **"Released Company Parties"** has the meaning given to it in Section 7.01 hereof;
- (hh) **"Released Parties"** has the meaning given to it in Section 7.02 hereof;
- (ii) **"Released Third Parties"** has the meaning given to it in Section 7.02 hereof;
- (jj) **"Released Third Party Claims"** has the meaning given to it in Section 7.02 hereof;
- (kk) **"Required Majority"** means the required majority of Landlord Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA;
- (ll) **"Sponsors"** means Dr. Stanley K. Bernstein and Post Road Health & Diet Inc.;
- (mm) **"Surplus Funds"** has the meaning given to it in Section 3.02 hereof;
- (nn) **"Trustee"** has the meaning given to it in the preamble;
- (oo) **"Unaffected Claims"** means the fees and expenses of the Trustee incidental to the bankruptcy proceeding and the preparation and facilitation of the Proposal and any amendments thereto, including fees incurred by the Trustee in the administration of the Surplus Funds, and the legal fees and expenses incurred by the Trustee before and following execution, acceptance and approval of this Proposal and in connection with the bankruptcy proceeding and the preparation of this Proposal, as well as advice to the Company in connection therewith; and
- (pp) **"Unaffected Creditor"** means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.

1.02 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.03 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.04 Inclusiveness

The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all persons named or referred to herein including all Landlord Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 - PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The purpose of this Proposal is to effect a proposal for the distribution of the Surplus Funds to holders of Landlord Surplus Claims in accordance with the Distribution Schedule subject to the terms and conditions set out herein.

2.02 Persons Affected

At the Proposal Implementation Time, this Proposal will become effective on and, subject to the fulfillment by the Company and Sponsors of their obligations hereunder, shall be binding on the Company and Sponsors, their directors and officers, and the Landlord Creditors.

2.03 Effect of Proposal Implementation

Effective on the Proposal Implementation Time, the Company and the Sponsors shall thereupon release all claims to the Surplus Funds, and all Landlord Affected Claims and Released Third Party Claims shall be discharged, and the Company and Released Third Parties shall thereupon be released from all Landlord Affected Claims and Released Third Party Claims, other than the obligation to make payment and provide other consideration in the manner and to the extent described in this Proposal or as otherwise described.

2.04 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor.

ARTICLE 3 – DETERMINATION OF LANDLORD SURPLUS CLAIMS AND DISTRIBUTION OF SURPLUS FUNDS

3.01 Determination of Landlord Surplus Claim Amounts

Landlord Surplus Claim amounts have been calculated by the Trustee based on the Landlord Creditors' estimated pro rata percentage of their proven claims in the Bankruptcy Proceedings (the "Landlord Surplus Claim Methodology").

The allowed amount of each Landlord Surplus Claim and their estimated pro rata percentage for distribution is set out on the Distribution Schedule.

3.02 Determination of Surplus Funds

The determination of the amount of funds available for distribution on account of Landlord Surplus Claims (the "Surplus Funds") shall be the funds remaining in the estate of the Company after payment of or reservation for:

- (a) Distributions to be made by the Trustee in the Bankruptcy Proceedings on account of proven claims including any Landlord Affected Claims other than Landlord Surplus Claims and Crown Claims (the "Bankruptcy Distributions");
- (b) the estimated amount of the Levy and Unaffected Claims; and
- (c) the 2880 Queen St. Fee.

3.03 Distribution of Surplus Funds

Within 10 days of the Proposal Implementation Date, the Trustee shall (a) distribute the Surplus Funds in on a pro rata basis in accordance with the Distribution Schedule; and (b) pay the 2880 Queen St. Fee to 2880 or as it may direct.

ARTICLE 4- VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, there shall be one class of comprised of Landlord Creditors in respect of Landlord Surplus Claims.

4.02 For greater certainty, no other Person shall be entitled to vote on this Proposal and Landlord Creditors shall only be entitled to vote on account of their Landlord Surplus Claims.

ARTICLE 5- CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, effective on receipt of the Proposal Approval Order, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all claims, of any nature or source whatsoever, of all Landlord against any director of the Company, which arose before the Filing Date and which relate to obligations of the Company where such director is by law liable in its capacity as director for payment of such obligations, provided however that nothing in this Section 5.01 shall release or discharge or be deemed to have released or discharged any claims against the director that cannot be released or discharged pursuant to Section 50(14) of the BIA, and any such claim against a current or former director of the Company is permitted recourse, and sole recourse, to the Surplus Funds.

ARTICLE 6 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 In addition, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like, and all of the rights, remedies, recourses and claims described therein:

- (a) shall be completely unavailable to the Trustee or any Landlord Creditors against the Company, any of the Company's assets or property or any other Person whatsoever; and
- (b) the Trustee and all of the Landlord Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any claims based thereon against the Company, the Company's assets and property or any other Persons.

ARTICLE 7- RELEASES

7.01 Company Release

At the Proposal Implementation Time, the Company, the Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (all in such capacities herein referred to as the "Released Company Parties") shall be released and discharged from any and all rights and claims of any Person against a Released Company Party ("Released Company Claims"), including any Landlord Affected Claim and any claim arising under sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Proposal Implementation Date, or (y) after the Proposal Implementation Date in furtherance of the Proposal and that is in any way relating to, arising out of, or in connection with: (i) Landlord Affected Claims; (ii) the Bankruptcy Proceedings; or (iii) this Proposal; provided, however, that nothing in this Section 7.01 will release or discharge the Company of, or from, any obligation under this Proposal or Order implementing this Proposal or any particular debt or liability referred to in s. 178(1) except to the extent that the Person voted for the acceptance of this Proposal.

7.02 Third Party Release

At the Proposal Implementation Time, the Sponsors, their present and former directors, officers, employees, contractors, successors and assigns, and each of their respective financial advisors, legal counsel and agents, personally and in all their capacities (the "Released Third Parties", and together with the Released Company Parties, the "Released Parties") shall be released and discharged from any rights and claims of any Landlord Creditor against a Released Third Party that are connected to, arise from or are otherwise in respect of any Landlord Affected Claim, including any claim arising under sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like ("Released Third Party Claims", and together with the Released Company Claims, the "Released Claims").

7.03 Injunctions

All Landlord Creditors are permanently and forever barred, estopped, stayed and enjoined, on and after the Proposal Implementation Time, with respect to any and all Released Claims, from

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties;

- (c) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or
- (d) taking any actions to interfere with the implementation or consummation of this Proposal; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal.

For greater certainty, each Landlord Creditor agrees not to make or join in any claim or demand or to take any proceedings whatsoever against any Person that does or could result in a claim over against any or all of the Released Parties for any form of contribution, indemnity or other relief over, whether arising at law, equity or under the provisions of the BIA or otherwise, in respect of, by reason of or in any way related to Released Claims, and the Landlord Creditors hereby irrevocably release and consent to an order dismissing any such action to the extent of such claim over, and, irrevocably authorizes each of the Released Parties to endorse a consent to such an order.

7.04 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article shall become effective on the Proposal Implementation Date.

7.05 Knowledge of Claims

Each Person to which Sections 7.01 and 7.02 hereof applies shall be deemed to have granted the releases set forth in Sections 7.01 and 7.02 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those claims, including claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 8 - EVENT OF DEFAULT

8.01 The responsibility of the Company under this Proposal shall be deemed to be satisfied at the Plan Implementation Time, and the payment of amounts under ARTICLE 3 within ten (10) Business Days of the date on which such payment is due shall be the responsibility of the Trustee, and will not constitute an event of default by the Company for the purposes of Section 62.1 of the BIA or otherwise under this Proposal.

ARTICLE 9- TRUSTEE

9.01 Dodick Landau Inc. is acting in its capacity as Trustee, and not in its personal capacity, and shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto.

ARTICLE 10 - COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

10.01 Application for Approval Order

Each of the Landlord Creditors, Equity Holders and the Official Receiver (as defined in and appointed under the BIA) are hereby given notice that, after acceptance of this Proposal by the requisite majority of

Landlord Creditors in accordance with the relevant provisions of the BIA, the Proposal Trustee will present a motion (the "Proposal Approval Motion") to the Court seeking the Proposal Approval Order on [• 2020] at • o'clock a.m. or soon thereafter.

10.02 Proposal Approval Order

The order approving the Proposal (the "Proposal Approval Order") shall be in form and substance satisfactory to the Released Parties and, among other things, declare that:

- (a) The Landlord Surplus Claim Methodology is approved;
- (b) this Proposal is fair and reasonable;
- (c) this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Landlord Creditors and any other Person to the extent provided for in this Proposal or in the Proposal Approval Order;
- (d) grant to the Trustee in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (e) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.03 hereof shall be permanently enjoined; and
- (f) compromise, discharge and release the Released Parties from any and all claims of any nature in accordance with the Proposal, and declare that the ability of any Person to proceed against the Released Parties in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

10.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) The Trustee shall have made the Bankruptcy Distributions and set aside sufficient funds in respect of the Levy and the Unaffected Claims;
- (b) the Proposal shall have been approved by the Required Majority at the Meeting;
- (c) the Court shall have granted the Proposal Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (d) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (e) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons; and
- (f) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or

suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

10.04 Proposal Trustee's Certificate of Proposal Implementation

Upon written notice from the Trustee that the conditions to implementation set out in Section 10.03 have been satisfied or waived, the Proposal Trustee shall, as soon as possible following receipt of such written notice, serve on the service list in the Bankruptcy Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in Section 10.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date specified in the certificate.

ARTICLE 11 - MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Landlord Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order. For greater certainty, each such Landlord Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Landlord Creditors and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on the Landlord Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

Dated at Toronto this ²⁰ day of December, 2020.

S.K. BERNSTEIN HOLDINGS INC.

Per:



Stanley K. Bernstein

President

(I have the authority to bind the Company)

SCHEDULE "A" -- DISTRIBUTION SCHEDULE

District of ONTARIO
Division No. 09-Toronto
Court No. 31-2848389
Estate No. 31-2848389

In the matter of the proposal of
S.K. Bornstein Holdings Inc.
of the city of Toronto, in the Province of Ontario

DRAFT

FORM 12
Final Statement of Receipts and Disbursements

RECEIPTS

1. Miscellaneous		
Transfer from Bankruptcy estate	<u>302,800.37</u>	<u>302,800.37</u>
TOTAL RECEIPTS		<u><u>\$302,800.37</u></u>

DISBURSEMENTS

2. Fees Paid		
To Registrar	150.00	
To Official Receiver	<u>150.00</u>	300.00
3. Licensing Fee		
Ascend Licensing Fee	<u>190.00</u>	190.00
4. Notice of First Meeting		
To 22 creditor(s)	121.00	
HST charged on Trustee's remuneration	<u>41.58</u>	162.58
5. Trustee's Remuneration		
Trustee's fees - estimate	19,500.00	
HST charged on Trustee's Remuneration	<u>2,535.00</u>	22,035.00
6. Notice of final dividend and trustee discharge		
To 22 creditor(s)	44.00	
Postage	<u>19.58</u>	63.58
7. Other notices and reports		
To 22 creditors	12.50	
Postage	<u>4.20</u>	16.70
8. Miscellaneous		
Bank charges	42.50	
2880 Queen St. Fee	34,753.45	
Legal fees/disbursements - estimate	25,500.00	
HST on Legal fees	3,315.00	
HST on Ascend Licence	<u>24.70</u>	83,635.65

TOTAL DISBURSEMENTS

88,403.51

Amount available for distribution

216,388.86

9. Levy payable under section 147 of the Act

10,819.84

10. Net amount available for distribution

205,577.02

Notes.

1. S.K. Bernstein Holdings Inc. (the "Company") filed an assignment in bankruptcy on May 29, 2020 and Dodick Landau was appointed as Trustee in Bankruptcy of the estate.

2. On _____, 2020 the Trustee, on behalf of the Company, filed a Proposal to the landlord creditors of the bankruptcy estate.

3. On _____, 2020 meeting of creditors was held and the Proposal was approved.

4. On _____, 2020 the Proposal was approved in Court.

5. The Proposal was fully performed as of _____, 2020.

Dated at the City of Toronto in the Province of Ontario, this 17th day of November, 2020.

Dodick Landau Inc.

Per:

Rahn Dodick - Licensed Insolvency Trustee
4846 Dufferin Street, Suite 6
Toronto, ON M3H5S4
Phone: (416) 738-4387 Fax: (416) 648-7728

Taxed at the sum of \$ _____, this _____ day of _____, _____

Registrar

District of ONTARIO
Division No. 04-Toronto
Court No. 31-2848369
Estate No. 31-2848369

DIVIDEND SHEET

In the matter of the proposal of
S.K. Bernstein Holdings Inc.
of the city of Toronto, in the Province of Ontario

Date declared: January 2021

	TOTAL				INTERIM PAYMENT \$	CURRENT		
	CLAIM \$	DIVIDEND \$	LEVY \$	PAYMENT \$		DIVIDEND \$	LEVY \$	PAYMENT \$
UNSECURED								
0845869 BC Ltd.	48,598.49	19,381.07	969.05	18,412.01	0.00	19,381.07	969.05	18,412.01
170 North Queen Developments Inc.	47,734.65	18,654.47	992.72	18,661.74	0.00	18,654.47	992.72	18,661.74
2479945 Ontario Corporation	19,455.96	8,092.40	404.82	7,687.78	0.00	8,092.40	404.82	7,687.78
2860 Queen Street Centre Inc.	38,658.17	15,248.55	762.33	14,484.22	0.00	15,248.55	762.33	14,484.22
Arden Young ITF Van Lee G.P. Ltd.	43,889.91	18,298.60	914.85	17,382.08	0.00	18,298.60	914.85	17,382.08
Caloway REIT (Pickering) Inc.	12,630.72	5,253.55	262.68	4,990.87	0.00	5,253.55	262.68	4,990.87
Canadian Property Holdings (Fir Bluff) Inc.	21,041.61	8,761.92	437.60	8,314.33	0.00	8,761.92	437.60	8,314.33
Capital City Shopping Centre Limited	18,020.91	7,911.44	395.57	7,515.87	0.00	7,911.44	395.57	7,515.87
First Capital Holdings (ALB) Corporation & 7838760 Canada Inc.	29,972.43	12,466.55	623.33	11,843.23	0.00	12,466.55	623.33	11,843.23
Her Majesty the Queen in the right of Canada	10,670.00	12,756.70	637.83	12,118.88	0.00	12,756.70	740.27	14,065.18
LOASK MSC Corp.	13,050.71	5,444.87	272.24	5,172.63	0.00	5,444.87	272.24	5,172.63
Partners Plaza Inc.	12,722.56	5,291.75	264.59	5,027.17	0.00	5,291.75	264.59	5,027.17
Ravine Equities Inc. & Ravine Properties Limited	26,583.30	12,055.14	602.78	11,452.38	0.00	12,055.14	602.78	11,452.38
Rhyl Realty Inc.	18,620.08	8,243.85	412.19	7,831.65	0.00	8,243.85	412.19	7,831.65
Sun Life Assurance Co.	38,130.75	15,028.01	751.40	14,276.61	0.00	15,028.01	751.40	14,276.61
Sun Life Assurance Company of Canada	29,601.45	12,312.25	615.61	11,696.64	0.00	12,312.25	615.61	11,696.64
Terra Lata Equities Ltd.	26,920.40	11,197.11	559.88	10,637.28	0.00	11,197.11	559.88	10,637.28
Trademark Developments Ltd.	17,982.03	7,478.34	373.97	7,105.37	0.00	7,478.34	373.97	7,105.37
Valiant Rental Inc.	23,685.60	9,843.38	492.17	9,351.19	0.00	9,843.38	492.17	9,351.19
Wantage Development Corp.	3,581.40	1,489.63	74.48	1,415.14	0.00	1,489.63	74.48	1,415.14
TOTAL:	620,267.23	216,398.68	10,819.84	205,577.02	0.00	216,398.68	10,819.84	205,577.02
GRAND TOTALS:	\$ 620,267.23	\$216,398.68	10,819.84	205,577.02	\$0.00	\$ 216,398.68	\$10,819.84	\$205,577.02

Court No. 31-2648369

Estate No. 31-2648369

**In the matter of the proposal of
S.K. BERNSTEIN HOLDINGS INC.
of the City of Toronto, in the Province of Ontario**

**Form 12
Final Statement of Receipts and Disbursements**

Dodick Landau Inc.

**4646 Dufferin Street, Suite 6
Toronto, On M3H 5S4
Phone: (416) 736-4357 Fax: (416) 649-7725**

REPORT ON PROPOSAL

**IN THE MATTER OF THE PROPOSAL OF
S.K. BERNSTEIN HOLDINGS INC.
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

REPORT OF TRUSTEE ON PROPOSAL

January 14, 2021

INTRODUCTION

1. On May 29, 2020 (the **"Bankruptcy Filing Date"**), S.K. Bernstein Holdings Inc. (**"S.K. Bernstein"** or the **"Company"**) filed an assignment in bankruptcy and Dodick Landau Inc. (**"DLI"**) was appointed as trustee (**"Trustee"**) of the estate of the bankrupt. On January 11, 2021 (**"Proposal Filing Date"**), S.K. Bernstein, pursuant to section 50(2) of the Bankruptcy and Insolvency Act (the **"BIA"** or the **"Act"**), filed a proposal (the **"Proposal"**) with the Official Receiver pursuant to section 62(1) of the Act and named DLI as Proposal Trustee (**"Proposal Trustee"**).
2. The purpose of this report (**"Report"**) is to provide information to the creditors affected by the Proposal (the **"Landlord Creditors"**) in order to assist in their evaluation of the Proposal.
3. The Proposal has been developed to effect a proposal for the distribution of the Residual Funds (as defined further herein) to the Landlord Creditors in accordance with the proposed distribution schedule included in the Proposal.
4. A meeting of the Landlord Creditors to consider the Proposal will be held via videoconference, on January 28, 2021 at 1:30 p.m. The videoconference link is as follows:

<https://zoom.us/j/96002171947?pwd=N3ZubDZrTWJBs09KN2N5Umx1eVITZz09>

DISCLAIMER

5. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the Company's former management (**"Management"**), certain Landlord Creditors, the bankruptcy Trustee and information from other third-party sources (collectively, the **"Information"**). Except as described in this Report:

- i) the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
 - ii) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - iii) the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer. Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes.
6. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Landlord Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
8. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

BACKGROUND

Operations

9. S.K. Bernstein Holdings Inc. is a holding company of leases in various locations once occupied by diet clinics owned by the operating company, Post Road Health and Diet Inc. ("Post Road"). The Company's leases were located in three provinces: Ontario (12 locations), Alberta (3 locations) and British Columbia (5 locations) (collectively the "Leases").

CAUSES OF FINANCIAL DIFFICULTIES

10. According to a representative of the Company, S.K. Bernstein's financial difficulties were caused by various challenges encountered by its tenant, Post Road. Post Road's challenges included a declining number of new clients in recent years, rendering many of the diet clinics unprofitable and unable to meet their cash flow needs.
11. Post Road's decline was further accelerated by the onset of the COVID-19 pandemic, which resulted in late March 2020 in the government mandated closure of all its clinics including those whose leases were held in S.K. Bernstein.
12. Unable to collect rent from Post Road in light of the COVID-19 pandemic, the Company had no other readily available option but to assign itself into bankruptcy. As at the Bankruptcy Filing Date, the Company's sole asset was cash on hand totalling \$890,036 and potential provable claims totaling approximately \$2.9 million, which represented the total remaining lease payments owing to the Company's landlords for the remaining terms of the Leases.

BANKRUPTCY PROCEEDING

13. As the Trustee had no ongoing need for the Leases, and to assist the Landlords to be able re-let the premises to new tenants, the Trustee, with Inspector approval, disclaimed the Leases. Following the disclaimer of the Leases the value of the landlords' claims were reduced to approximately \$520,000.
14. After payment of all proven claims, which included payment of the Landlord Creditors' claims in full, and bankruptcy administration expenses, it is estimated that approximately \$320,000 of residual funds ("Residual Funds") will be remaining in the bankrupt estate. In exchange for creditors granting various releases and injunctions detailed in the Proposal and discussed further herein, the shareholder of S.K. Bernstein has agreed to forgo receipt of the Residual Funds and has agreed to contribute the Residual Funds to fund additional distributions to the Landlord Creditors of S.K. Bernstein in the Proposal.

THE PROPOSAL

Secured and Unsecured Debt

15. There are no Creditors as at the Proposal Filing Date as all Creditors were paid in full with interest in the bankruptcy proceeding. The Proposal acts as a mechanism to distribute the surplus Residual Funds to the unsecured Landlord Creditors of the Company.

Determination of Landlord Surplus Claim Amounts

16. The Landlord Creditors' claim amounts for the purpose of the Proposal are the same landlord claims proved in the Bankruptcy proceeding ("Landlord Surplus Claim"). The distribution of the Residual Funds to the Landlord Creditors has been calculated by the Proposal Trustee based on the Landlord Creditors' pro rata percentage share of the total proven claims by Landlord Creditors in the bankruptcy proceeding, which, as noted above, totalled approximately \$520,000.
17. The amount of each respective Landlord Surplus Claim and their estimated pro rata percentage for distribution is set out on the Distribution Schedule to the Proposal. The Landlord Surplus Claims are the only claims eligible to receive a distribution in the Proposal and represented over 95% of total creditors' claims in the bankruptcy proceeding.

2880 Queen Street Centre Inc.

18. 2880 Queen Street Centre Inc. ("2880 Queen"), one of the Landlord Creditors, was actively involved in negotiating the terms of the Proposal. To compensate 2880 Queen for the expenses it incurred in the facilitation of the Proposal, the shareholder agreed that a fee would be payable to 2880 Queen ("2880 Queen Fee") totaling approximately \$35,000.

Funds Available for Distribution

19. The determination of the amount of funds available for distribution on account of Landlord Surplus Claims shall be the funds remaining in the estate of the Company after payment of, or reservation for:
 - i) distributions to be made by the Trustee in the bankruptcy proceeding on account of proven claims, after bankruptcy administration expenses;
 - ii) the estimated amount of the Superintendent Levy and the fees and expenses of DLI incidental to the bankruptcy proceeding and the preparation and facilitation of the Proposal; and
 - iii) the 2880 Queen Fee.

Classes

20. For the purpose of the Proposal, there shall be one class of creditors comprised of Landlord Creditors in respect of the Landlord Surplus Claims.
21. For greater certainty, no other parties shall be entitled to vote on the Proposal and Landlord Creditors shall only be entitled to vote on account of their Landlord Surplus Claims.

Distribution of Residual Funds

22. Following receipt of Landlord Creditor and Court approvals of the Proposal, the Proposal Trustee shall (a) distribute the Residual Funds on a pro rata basis to the Landlord Creditors; and (b) pay the 2880 Queen Fee, after payment of the Proposal administration expenses.

Releases

23. The Proposal provides for releases (the "**Releases**") in favour of:
 - i) the former and current directors of the Company;
 - ii) the Company, the Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (all in such capacities, the "**Released Company Parties**"); and
 - iii) Dr. Stanley K. Bernstein, Post Road (together with Dr. Stanley K. Bernstein, the "**Sponsors**") and its present and former directors, officers, employees, contractors, successors and assigns, and each of their respective financial advisors, legal counsel and agents, personally and in all their capacities (the "**Released Third Parties**").
24. The releases in favour of directors for claims that may have arisen against those directors (in such capacity) before the commencement of proceedings under the BIA are expressly contemplated by Section 50(13) of the BIA, subject to exceptions for, among other things, misrepresentation or wrongful or oppressive conduct. The releases provided to current and former directors of the Company are consistent with Section 50(13) of the BIA.
25. The Released Company Parties are released from any claims that are connected to Landlord Creditor claims, the Bankruptcy proceedings or the Proposal, subject to exceptions for any obligations under this Proposal or Court Order implementing the Proposal or any particular debt or liability referred to in s. 178(1) of the BIA except to the extent that the person with such claim voted for acceptance of the Proposal.

26. The Released Third Parties are released from any claims of any Landlord Creditor including any claim arising under sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like.
27. The Releases are an important and necessary aspect of the Proposal. The shareholder of the Company has only agreed to forego receipt of the Residual Funds and voluntarily contribute the Residual Funds to fund additional distributions to the Landlord Creditors in exchange for the Landlord Creditors agreeing to the Releases, and in particular, the releases in favour of the Released Third Parties.
28. The Releases also provide finality to the Company and ensure that the Residual Funds can be distributed in the Proposal without a concern about any future claims against the Company, whether directly or as claims against the directors or the Sponsors that may result in indemnity claims against the Company, that cannot be satisfied due to the distribution of all of the Company's assets.

OVERVIEW OF S.K. BERNSTEIN'S WEEKLY CASH FLOW FORECAST

29. The Trustee has prepared a cash flow forecast for the period from January 2, 2021 to April 2, 2021 ("Cash Flow Forecast"). A copy of the Cash Flow Forecast is attached hereto as Appendix "A". The Cash Flow Forecast has been prepared in support of the Company's Proposal proceeding, using probable and hypothetical assumptions set out in notes 1 to 7 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 13-week forecast period in Canadian dollars.
30. The Cash Flow Forecast projects that S.K. Bernstein will have sufficient liquidity to fund the Proposal's administration costs and dividend distributions.
31. The Cash Flow Forecast assumes that the funds received from the bankruptcy estate of the Company will be used to pay all costs related to the administration of the Proposal including, among other things, the 2880 Queen Fee and will then distribute the remaining Residual Funds to the Landlord Creditors, on account of the Landlord Surplus Claims, pursuant to the terms of the Proposal.
32. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

Estimated Payment under the Proposal Scenario

33. As is detailed in this Report, Landlord Creditor claims have been paid in full in the bankruptcy proceeding. The Proposal provides an opportunity for a further distribution to the Landlord Creditors in excess of their proven claim amounts. The following chart (rounded to the nearest thousand dollars) sets out the expected additional payment to be available to the Landlord Creditors on account of the Landlord Surplus Claims in the Proposal scenario.

Estimated Payment in a Proposal Scenario	
Funds available from bankruptcy Estate (note 1)	303
Less: Proposal disbursements (note 2)	(1)
Less: Estimated Professional fees and expenses (note 3)	(51)
Less: 2880 Queen Fee (note 4)	(35)
Less: Superintendent's Levy (note 5)	(11)
Additional amount available for Landlord Creditors (note 5)	205

Notes:

1. *This amount represents the expected Residual Funds available from the bankruptcy proceeding to fund the Proposal.*
 2. *This amount represents the various out-of-pocket disbursements payable in connection with the Proposal proceeding.*
 3. *This amount represents a provision for estimated professional fees, which include administering the Proposal before and after Court approval, and legal fees.*
 4. *2880 Queen Fee represents the fee payable to 2880 Queen Street Centre Inc. for expenses incurred to negotiate the terms of the Proposal.*
 5. *The Superintendent's Levy applies to the distributions made to the Landlord Creditors and is calculated as 5% of each payment.*
34. Absent acceptance of the Proposal by the requisite majorities, the Residual Funds will likely be returned to the shareholder resulting in NO further payments to the Landlord Creditors. However, should the Proposal be accepted by the Landlord Creditors, an additional payment equal to approximately 39% of the Landlord Creditors proven claim value, as calculated in the chart below

(rounded to the nearest thousand dollars), for a total recovery of 139% under the Proposal scenario.

Additional amount available for Landlord Creditors (per above) (A)	205
Bankruptcy distribution paid by Trustee to Landlord Creditors (B)	520
Total Available for Landlord Creditors (C) = (A+B)	725
Original Claim of Landlord Creditors (D)	520
Total Recovery for Landlord Creditors in the Proposal '=(C/D)	139%
Total Recovery should the Proposal be Rejected'=(B/D)	100%

CREDITORS' MEETINGS/VOTING PROCEDURE AND CLASSES OF CREDITORS

Creditors' Meetings/Voting Procedure

35. The meeting of the Landlord Creditors (the "Meeting") to consider the Proposal will be held via videoconference, on January 28, 2021 at 1:30 p.m. The videoconference link is as follows:

<https://zoom.us/j/96002171947?pwd=N3ZubDZrTWJBS09KN2N5Umx1eVITZz09>
36. The primary purpose of the Meeting is to permit the Landlord Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) by dollar value, and more than 50% of by number, must vote in favour of the Proposal at the Meeting either in person, by proxy or by mailing a voting letter to the Proposal Trustee in advance of the Meeting. Only those Landlord Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached.
37. Those Landlord Creditors who do not intend to have a personal representative at the Meeting, to be held on January 28, 2021, may complete and submit the voting letter, which is enclosed in the creditor package, prior to the Meeting indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy should a Landlord Creditor wish to appoint a proxy to represent them at the Meeting. Should the Proposal not be accepted by the required majority of Landlord Creditors, the Residual Funds will likely be distributed to the shareholder of the Company by the Bankruptcy Trustee.

38. If the Proposal is accepted by the required statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal. The Court application is scheduled to be heard on February 12, 2021 at 11:00 a.m. (Toronto time) by videoconference. If the Court provides such approval ("Approval Order"), the Proposal will be binding on all Landlord Creditors and such Landlord Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Company other than for the distributions provided in the Proposal.

Class of Creditors

39. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Landlord Creditors are one class.
40. Distributions to Landlord Creditors will be made as described in the "Distribution" section of this Report.

Alternatives to the Proposal

41. At the Meeting, the Landlord Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal, or rejecting the Proposal. Rejecting the Proposal would likely result in the Residual Funds being distributed to the shareholder of the Company and no further distributions being available for the Landlord Creditors.

Creditors' Claims

42. The Bankruptcy Trustee has provided the Proposal Trustee copies of all the Landlord Creditor proven proofs of claim. Accordingly, there is no requirement for the Landlord Creditors to file another proof of claim in the Proposal.

PREVIOUS BUSINESS DEALINGS WITH S.K. BERNSTEIN

43. As outlined above DLI is acting as both Bankruptcy Trustee and Proposal Trustee. Prior to the Company's Bankruptcy Filing Date, DLI had not had any business dealings with S.K. Bernstein and is not in a conflict of interest.

SUMMARY COMMENTS/RECOMMENDATION

44. The Proposal provides the Landlord Creditors with the opportunity to receive a further significant distribution. If the Proposal is rejected by the Landlord Creditors, the Residual Funds will likely be distributed to the Company's shareholder and there will be no further payment to the Landlord Creditors. Accordingly, the Proposal Trustee recommends that the Landlord Creditors vote in favour of the Proposal.

Yours very truly,

DODICK LANDAU INC.

Proposal Trustee *re* the Proposal of S.K. Bernstein Holdings Inc.
and not in its personal or corporate capacity.

Per:

A handwritten signature in black ink, appearing to be 'Rahn Dodick', written over a horizontal line.

Rahn Dodick, CPA, CA, CIRP, LIT

APPENDIX "A"

S.K. Bernstein Holdings Inc.
Weekly Cash Flow Forecast
For the period from January 2, 2021 to April 2, 2021

Week Ending	Notes	08-Jan-21	15-Jan-21	22-Jan-21	29-Jan-21	05-Feb-21	12-Feb-21	19-Feb-21	26-Feb-21	05-Mar-21	12-Mar-21	19-Mar-21	26-Mar-21	02-Apr-21	TOTAL
Receipts	2	-	-	-	-	302,147	-	-	-	-	-	-	-	-	302,147
Disbursements															
Landlord Distributions	3	-	-	-	-	-	-	-	205,577	-	-	-	-	-	205,577
Proposal Fees and Levy	4	-	-	-	-	653	-	-	10,830	43	25	-	-	80	11,630
3850 Queen St. Fee	5	-	-	-	-	-	-	-	34,753	-	-	-	-	-	34,753
Professional Fees	6	-	-	-	-	-	-	-	-	38,130	-	-	-	-	38,130
Total Disbursements		-	-	-	-	653	-	-	251,150	38,180	25	-	-	-	302,147
Net Cash Flow		-	-	-	-	302,147	-	-	(251,150)	(36,180)	(25)	-	-	(12,792)	0
Bank Balance															
Opening Bank Balance	7	-	-	-	-	-	-	302,147	302,147	50,997	12,817	12,792	12,792	12,792	-
Add: Net Cash Flow		-	-	-	-	302,147	-	-	(251,150)	(36,180)	(25)	-	-	(12,792)	0
Closing Bank Balance		-	-	-	-	302,147	302,147	302,147	50,997	12,817	12,792	12,792	12,792	(0)	0

This statement of forecast cash flow of S.K. Bernstein Holdings Inc. is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes and Trustee's report on cash flow statement dated this 5th day of January, 2021.

Douglas London Inc.

Per: 
Robin Dodick, CPA, CA, CMA, CIT

S.K. Bernstein Holdings Inc. ("S.K. Bernstein" or the "Company")
Major Assumptions
Cash Flow Forecast
For the Period January 2, 2021 to April 2, 2021 (the "Period")

1. S.K. Bernstein's financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that the proceeds received from the Company's Bankruptcy Trustee will be used to pay all costs related to the administration of the Proposal and then distributed in full to the Company's Creditors thereafter pursuant to the terms of the Proposal.

Receipts:

2. S.K. Bernstein's receipts in the Period are the estimated surplus funds remaining in the Bankruptcy estate of the Company after all distributions are made in the bankruptcy proceeding by the Trustee in Bankruptcy.

Disbursements:

3. Landlord Distributions represents the estimated net distributions payable to the Company's former landlords pursuant to the terms of the Proposal.
4. Proposal Fees include the levy payable to the Superintendent of Bankruptcy in respect of distributions under the Proposal as well various miscellaneous fees payable in connection with the Proposal.
5. 2880 Queen St. Fee represents the fee payable to 2880 Queen Street Centre Inc. for expenses payable in the facilitation of the Company's Proposal in accordance with the terms of the Proposal.
6. Professional fees include forecast estimated fees for the Proposal Trustee as well as the Company's legal counsel for the Period.
7. The opening cash balance as of January 2, 2021 is NIL as the only receipts in the Proposal will be the surplus transferred from the Bankruptcy proceeding.

PROXY

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2648369
Estate No. 31-2648369

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
S.K. Bernstein Holdings Inc.
of the city of Toronto, in the Province of Ontario

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Dodick Landau Inc. - Licensed Insolvency Trustee

4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
E-mail: brenda.mcknight@dodick.ca

VOTING LETTER

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2648369
Estate No. 31-2648369

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
S.K. Bernstein Holdings Inc.
of the city of Toronto, in the Province of Ontario

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of S.K.
Bernstein Holdings Inc., to record my vote _____ (for or against) the acceptance of the proposal
as made on the _____ day of _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____

Name and Title of Signing Officer

Return To:

Dodick Landau Inc. - Licensed Insolvency Trustee

Per:

Rahn Dodick - Licensed Insolvency Trustee
4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725
E-mail: brenda.mcknight@dodick.ca